California MEDICINE

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EDITORIAL

Relative Value Study

SOME FOUR YEARS AGO the California Medical Association published its Relative Value Study. This was a compilation to show the value relationship that each specific medical, surgical, radiological and laboratory service performed by physicians bears to other specific services in the same category. The values for the various services were expressed in units, not in dollars.

This study, representing the first large-scale review of this type in the country, has subsequently been used by individual physicians, by medical service organizations, by insurance companies and by various departments of federal and local governments in establishing professional fees to be assessed or paid under a large number of beneficiary programs.

Not only did the Relative Value Study show how the value of one service compared with another; it established a standard of nomenclature and coding of services which has now been adopted nationwide by the interests listed above.

No service performed by a state medical association in recent years seems to have the nationwide impact and acceptance that the Relative Value Study has engendered. Its adherents have been legion, its detractors conspicuous by their absence.

This month the Association will publish a new edition of this work. Based on returns made in 1958 by more than 7,000 participating physicians, the new studies will bring the work up to date and reflect various changes from the original which were indicated as necessary.

The updating process takes into consideration, of course, the technical changes which have taken place in the practice of medicine in the past three or four years. Certain procedures which are outdated have been dropped. New procedures developed and generally accepted in the profession have been added. Nomenclature has been refined where indicated. Some relative unit values have been adjusted upward or downward in accordance with current evaluations and practices.

In several sections of the new volume a comparison between the 1957 revised edition and the 1960 copy will, at first blush, make it appear that the studies are contributing directly to the process of inflation. Some unit values will appear to be considerably higher than were shown in the 1957 book. On closer inspection, however, and in accordance with the instructions which will be a part of the publication, the new values will be found to be in line with the former version but assembled in a different manner.

For example, values for anesthesia services have been refigured to show the changing trend in anesthesia from a nursing to a medical service. Where the former values for anesthesia were based solely on a time basis and provision was made for additional visits, the new set of values is developed on the basis of a unit value for availability (which includes necessary pre- and postoperative visits) and on the time consumed in the actual administration of the anesthetic.

In the study on surgery, the old volume listed many unit values on the basis of the surgical procedure and two weeks' aftercare, providing additional unit values for further home, hospital or office visits beyond the two weeks. The makers of the new study realized that medicine is not practiced in that way and so set surgical unit values to represent the procedure itself and the normal period of aftercare. Where one surgical procedure may require only two weeks of postoperative care, another may take six or nine months. The new study will reflect these varying periods of aftercare by assigning to each procedure the current unit value for both the procedure and the follow-up services. Where the difference in unit values might appear extreme in the simple comparison of the old and new editions, the actual change will be little or

nothing, since the larger number of units covers a more comprehensive service.

It is true that the values used for surgical procedures have been increased in some instances. Where this has been done, the basis is the information supplied by the 7,000 respondent physicians as to their current practices. Obviously, increased costs encountered in the past few years are reflected in the returns from these practicing physicians.

Physicians, insurance executives, governmental department heads and other "professionals" using the 1960 Relative Value Study will readily recognize the changes in compilation between the old and the new versions. They will read the instructions for use of this large and important work. Others who may glance only at the figures shown for specific values may readily believe that this is an attempt to jack up the costs of medical service. For this latter group, we can only suggest that they be advised to read the whole publication before jumping at ill-advised and baseless conclusions.

All in all, the new Relative Value Studies seem destined to take their place immediately in the field of medical economics. There is every reason to believe that their use will be widespread and their worth immeasurable for thousands of physicians and others who have need of a set of standards on which to develop a better approach to medical care costs.

The Council of the California Medical Association was quick to recognize the importance and the validity of this new study. It was prompt in approving it and in ordering its immediate production and distribution. Copies will be sent to all members of the Association and made available to others.

Beyond the immediate usefulness of the new Relative Value Studies is the organization which could and did produce it. The combination of a dedicated and thorough committee, several thousands of participating physicians, a competent staff in the Association and the contributions by physician and actuarial consultants has been necessary to bring out this work. All are to be congratulated on a splendid job well done.

In addition, plans are being developed by this same group to provide for a continuing review of each of the four so that it may be kept up to date at all times.

The California Medical Association may well be proud of this newest evidence of its interest in the welfare of patients and all those who serve them. It would be difficult to find a better example of unselfish service for the good of all concerned.